

VERBATIM TRANSCRIPT
SPECIAL MEETING
ILLINOIS GAMING BOARD
AUGUST 13, 1992
DES PLAINES, ILLINOIS

A Special Meeting of the Illinois Gaming Board was held at 10:00 A.M. on August 13, 1992 at the Board's Administrative Offices located in Des Plaines, Illinois. The meeting was originally scheduled for July 24, 1992 by action of the Board taken July 9, 1992, but was subsequently postponed to August 13, 1992. Notice was duly and timely given to each Board Member and to the general public in conformity with Section 42.02 of the Illinois Open Meetings Act.

The following Board members were present: William J. Kunkle, Jr., Chairman and members William J. Chamblin, Jr., J. Thomas Johnson, Robert F. Vickrey and Michael H. Zaransky. Also in attendance were Administrator Morton E. Friedman, Deputy Administrators J. Thomas Hutchison, Joseph Mc Quaid and Marcy L. Wolf; Chief Legal Counsel Donna B. More; Illinois State Senator Thomas Dunn, Illinois State Representative Jack Mc Guire; other Board staff, the media and the general public.

The meeting was called to order by Chairman William J. Kunkle, Jr. at 10:03 A.M.

MR. CHAIRMAN: We'll call this Special Meeting of the Illinois Gaming Board to order. Before we begin, I'd like to note the presence of Senator Tom Dunn, Representative Jack Mc Guire, Mayor Schultz from Joliet; appreciate their being here. And we'll call on Mr. Margolis.

MR. JEREMY MARGOLIS: Mr. Chairman, members of the Board, Gaming Board staff, thank you and good morning. On July 1 ... March 1, 1990, then Governor Thompson signed the Riverboat Gambling Act into law and I think it's fitting, for today's purposes, to note that he did so in Joliet City Center. We are here, I believe, standing on the threshold of significant and exciting opportunity, not just for the state, but for a long neglected section of our state, Joliet. With me today to briefly present and then to answer in as much detail as you wish, any questions that you may have, individually or collectively, are a variety of people. From my firm, also Phil Gordon and Peter O'Brien, seated at my right, Mr. John Q. Hammons, to my left, Phil Satre; also in the audience from Promus and Harrah's, Steve Bromell, Dennis Gallagher, Ron Lanzicki, Tim Wilmott; from Joliet, of course, John Mezera, the Mayor, who you've identified, Tom Thanos, Senator Dunn, the bulk of the Joliet City Council and I think most of the population of Joliet; we asked that they leave some people behind to prevent looting... and I ... I believe that's been handled.

Unfortunately, on July 9 I think some misunderstandings arose which set the stage for this additional and previously unscheduled Board meeting. We would like to do our very best to begin by dealing with those misunderstandings, hopefully setting the record straight; and then allowing the principles, the real people at issue here, the real people with the knowledge, the people who have been personally involved in this transaction at various points in time, since late 1990 ... to present to you their views and respond to you and ... in whatever detail you wish to your questions.

The issues that were raised, primarily, on July 9 were the speed, the progress of this project and the reasons for whatever delays had taken place. The specifications and capacity of the boat or boats which were to ply their

trade on the Des Plaines River. There were issues regarding the financing of the project and whether or not it was in place, there were some questions about the structure of the partnership and the financial arrangements between Mr. Hammons and Promus Harrah's and there was some concerns about the economic impact of the project and the scope of the development that this project anticipates and questions as to whether or not those predictions are sufficient; whether or not those predictions have changed, and if they have, what the basis of those changes are.

I believe many of the misunderstandings, to the extent that there were misunderstandings, were caused by the fact that ... owing to a variety of circumstances ... Tim Wilmott, who is a project manager for Harrah's, who has been involved in this project more than full time since April 1 of this year, was responding to unanticipated questions that dealt with facts and times long past. And if I could call on Tim, perhaps, to set the record straight as to the answers he gave to the questions were propounded, then I'd like to move on if I could and introduce the people who will present to you the facts as they stand.

MR. TIM WILMOTT: Good morning, Mr. Chairman, members of the Board, Mr. Administrator and staff. I'm Tim Wilmott, General Manager, Harrah's Casino Cruises, Joliet. And like Jeremy said, my involvement with this project began back in early April, 1992. When I was here on July 9, as a representative of the Des Plaines Development Corporation, I intended to provide the Board complete and factual information regarding the project as I knew it in my mind and hope to do so in the future.

Questions of me were asked that day regarding the project that I could not adequately answer. In addition, I responded to Member Zaransky's question regarding changes to the project and to the project scope. I mistakenly assumed your question to mean that changes had, in fact, been made and that you were asking me when the project, as currently constituted, have been finalized. I answered to the best of my ability, providing an early March date when I knew that the agreement with the City of Joliet for development of the project had been finalized. I apologize if it led the Board to believe that changes had actually been made that had been effected at a specific date and time. As I previously stated, on July 9 I was responding to questions that I was not adequately prepared to answer. Hopefully, today we brought the right people here to answer all your questions. I'd like to thank the Board for it's time and the staff's time, today.

MR. CHAIRMAN: Thank you, Mr. Wilmott.

MR. MARGOLIS: For some 35 years, a man named John Q. Hammons has been building hotels throughout America. In late 1990 he was contacted by a representative of the Goldstein family ... a family well known to this Board. And the suggestion was made that they become partners in an exciting opportunity in and around Joliet, Illinois. Mr. Hammons and Mr. Goldstein entered into that partnership and the stage was set for what we hope will be and exciting opportunity for the City of Joliet. As the Board knows and as Mr. Hammons will explain, a variety of circumstances occurred which led to Mr. Goldstein's withdrawal and the entry of Harrah's as a partner in this venture. When that occurred Mr. Hammons active participation and day-to-day participation changed somewhat and it is for that reason that Mr. Hammons was not present on July 9. He regrets not being here ... I regret his not being here ... had he known there was a meeting I can assure you he would have been here. He is here today and he is anxious to briefly describe the story as it unfolded from his perspective and

provide you, as I say, with answers to whatever questions you might have at the conclusion of our presentation ... John Q. Hammons.

MR. JOHN HAMMONS: Mr. Chairman, members of the Board, Mr. Administrator, members of the staff, first of all I'd, as our counsel has stated, I apologize because if I had a notice of this July 9 meeting I would have been here. I did not have it and as we move along now and remembering some of the facts of this case, Mr. Goldstein contacted me early on and I became acquainted with Mr. Goldstein when he tried to get me to build a hotel in Bettendorf, Iowa and he was entering the gaming business with a gaming boat on the Mississippi. And, I looked at his project. I declined because I didn't think the market conditions would warrant such an investment. And then, several weeks later, he contacted me in regard to an interest in the Joliet gaming, and, of course, he and I got together and we arrived at a 60/40 arrangement and then when it became identifiable that he was withdrawing ... the family was withdrawing from the application, why ... then of course ... I assumed 100% position. As soon as that happened, the next day, I contacted Harrah's. I haven't been a stranger to the Harrah's family ... the Promus family, because in 1958 is when I got in the hotel business, the old Holiday Corporation, they were less than 80 Holiday Inns open and operating at that time. And through the years, I've been involved in the development of 94 hotels ... all of them being Holiday Inns and Embassy Suites. And, when I talked to Phil Satre, President of Harrah's, he did not answer me immediately, his said ... thanked me for calling and I asked him to be a joint venture partner. He said they would ... do a study about it and get back to me. And it was approximately two weeks before I heard from Mr. Satre and then we got together and discussed it and as I stated, I was a 60/40 with Mr. Goldstein and I opted for 50/50 with Harrah's. And, I wasn't completely happy at the turn of events when he emphatically said the best ... the only way they'd would consider it would be in a control position of 80/20 and of course we had agreed that Harrah's would be the manager of the boat. And the reason I took Harrah's is they're one of the best in the business, most professional and have a great record and that's been known to everyone in the ... in the ... gaming world.

The City of Joliet ... I'm not a stranger because 15 years ago I acquired the Holiday Inn from some friends of mine ... they had an estate problem to settle and I'd be the vehicle for the acquisition of Joliet and Marquette and two hotels in Sacramento California. And, that was my entry into the hotel market in Joliet and the reasons for it.

I'm very enthused about the prospects of what we can do in the City of Joliet and what this gaming operation will accomplish. And with that excellent cooperation from the City of Joliet ... had many meetings prior to ... many phone discussions ... and only ... only two days ago did we receive our final permit for the boat basin.

I will be glad to answer any questions that you might have and again I'm very very sorry that I was not here and ... at the July 9 meeting. The benefits for Joliet, I think will be tremendous by this heavy gaming activity and, of course, the success of riverboats and their operations, of course is tantamount to what can be accomplished by the city actions. And, their advancement and the completion of the grandiose plans that they have had long, long ago. And they explained that to me early on about the scope of what they were trying to do.

After Harrah's and I did agree to the 80/20, I was not happy, but I did, and here's the reason why it was so important. I knew there had to be a boat in the water as soon as possible and the time was getting late and I told Mr. Satre

that; I said "We'll have to move at all force," because that was something that was something that was very, very important. And, ... and, of course, they agreed. And, no question about the quality of the Harrah's management in every respect, because they have such successful casinos in Reno, in Vegas, in Laughlin, in Atlantic City. And, the same will be with this riverboat operation.

I'll be glad to answer any questions when you so desire.

MR. CHAIRMAN: Do Board Members have any questions of Mr. Hammons?

MR. MARGOLIS: Mr. Chairman, could we complete our presentation before...

MR. CHAIRMAN: Oh, sure I thought he was inviting that. That's the only reason ... okay, that's fine. Thank you Mr. Hammons.

MR. HAMMONS: Thank you.

MR. MARGOLIS: In fact, I should have called on John Mezera from the City of Joliet; that was my intention ... I should have looked at my notes better to set the stage. I'd like to call on John to set before you the perspective of the City of Joliet, most of which is here.

MR. JOHN MEZERA: Thank you Jeremy. Mr. Chairman and members of the Board and staff, good morning. I have a statement to present, but first with the Board's indulgence I would like to introduce some of the people from Joliet who came to show their support for the project. I'd like them, if they would please to stand up as I introduce them and remain standing until everyone's been introduced. I won't introduce everyone by name, but rather maybe by category with the exception of our State legislators, Senator Dunn and Representative Mc Guire, our Mayor Schultz and the City Council, County Board Executive, City staff, representatives of the Will County Chamber and the Center for Economic Development, the Joliet Chamber of Commerce, business representatives and interested citizens. Thank you all very much for your attendance.

I would like to thank the Board for the opportunity to talk with you today and for your previous support of economic development efforts in the City of Joliet. My purpose in being here today is impress upon you the importance of this project to the City of Joliet, our satisfaction with the project, and our high regard for the developers.

The City of Joliet embarked on a very ambitious program to revitalize the City Center early in 1990. We anticipated City Center redevelopment would take us many years to complete and it will. However, when Governor Thompson signed the Riverboat Gaming Act in Joliet in March, 1990, we knew that a new engine had been created to expedite our redevelopment efforts. We aggressively pursued a riverboat gaming developer and the Illinois Gaming Board ultimately awarded a preliminary finding of suitability for the Des Plaines Development Corporation in our City Center.

With our eyes wide open, we began negotiating with the developer and the result was a development agreement that the City Council entered into with the developer on March 2, 1992. This development agreement provides, for Joliet, a very high quality development, including a riverboat, a pavilion, a parking deck, a river walk, funds for land acquisition for the boat basin, additional surface parking and the associated street-scapes, landscapes and plazas.

These are the things that a community like Joliet needs because along with them come the investment, the jobs and the confidence in the community that is necessary to cause the next phase of development with ... within a City Center to become possible. We are very anxious to get to that second phase of the development in our City Center. But first, we need your help in allowing us to proceed with these first phase projects. You have already received a letter from our Mayor on behalf of the City Council and the citizens of Joliet outlining the tremendous financial commitment that the City and the State have made to support this project and the redevelopment of the City Center.

This project is very complex because of its location in a City Center and on a narrow waterway. Many corporations have shied away from City Center locations because of the tremendous challenges involved. However, if riverboat gaming is to truly produce the benefits intended, by the legislation, then someone has to be willing to take on these difficult projects and make them happen.

The city is absolutely pleased with the project that is proceeding and we have never been promised anything else. We are also very pleased with the excellent experience, financial stability and potential for future economic development that Mr. Hammons and Harrah's bring to this project. Because of their strengths, this project is on schedule to begin operating in April of 1993. Our roadways and other infrastructure improvements that are under construction to support this project are real. Our land acquisition agreements are real. The riverboat construction is real. And, our plans and specifications that will result in construction activities for the boat basin, riverwalk, pavilion, parking structures and street-scapes are also very real.

These things are happening because the city and the developers have totally committed their professional staffs, their financial resources and their sweat to this project in Joliet City Center.

In summary, I would again like to reiterate the city's total commitment to and satisfaction with the project and the developers. I would also respectfully request that you allow us to continue to proceed with this project as it is the largest, most important project that has ever occurred in the history of Joliet's City Center. I would like to thank you for your consideration in this matter and I would be glad to answer any questions that you may have. Thank you.

MR. CHAIRMAN: Thank you.

MR. MARGOLIS: When the Goldsteins withdrew, and Mr. Hammons needed to find a partner who would manage and operate the day-to-day operations of a Joliet riverboat, he naturally turned to Harrah's Company, known worldwide for its excellence and expertise. I'm delighted to call on Phil Satre, the President of the parent corporation.

MR. PHILIP SATRE: Good morning Mr. Chairman, members of the Board. As Jeremy indicated, my name is Phil Satre and I'm President of Harrah's, also of the parent company, Promus Corporation. A little background first perhaps ... I became involved with Harrah's in the mid 1970's, initially when the company was operated by its founder, William F. Harrah out of Reno, Nevada ... I joined the company formally in 1980 and began working on our project in Atlantic City, Reno and Lake Tahoe, subsequently in Las Vegas and finally in Laughlin, Nevada. I became President of the company and Chief Executive Officer in late 1984, occupied that position until about a year ago when I became the President of a

parent company, Promus Corporation, which in addition to Harrah's, also operates and owns the Embassy Suite Hotel brand, Hampton Inn hotel brand and the Homewood Suites hotel brand. But my principle career with the company, thus far, has been on the Harrah's gaming operation side.

In connection with my role as the President of Harrah's, in mid 1990, after the passage of legislation authorizing the commencement of riverboat gambling here in the State of Illinois, the people who work for me began to explore different sites in the State of Illinois, and to describe what the thought was the legislative setting in which those would occur ... came back and met with me and identified as the most attractive site that we should pursue; a site in Joliet ... they had met with Joliet city officials, looked at the plans that the city had and came back as said based upon the proximity of Joliet to Chicago and it's suburbs, based upon the ambitious plans for downtown redevelopment, that Joliet had come forward with, that was very attractive to us.

On the down-side, we were concerned about, in connection with those plans, the challenges of land acquisition that would have to go along with that, the challenges of permit process ... we've had a lot of experience with some of the agencies who require permits in order to build that at the federal level ... and that can be a time consuming, as well as expensive process, and there were some construction challenges to try to really revitalize and re-energize the ... downtown Joliet. That was both a challenge and an opportunity, as well as risk to us, we felt.

At that point in time, a ... riverboat gambling was new; it was first a ... envisioned in Iowa, but the first riverboat didn't open up there until April 1, 1991, as I recall, and although we were interested in it because we're in the business of operating casino entertainment complexes, throughout Nevada and New Jersey, we really didn't know what the business was going to be. We weren't sure whether it was going to be the cruise business which, having followed that industry and time to time looked at the opportunity to develop in the cruise industry, we had concluded not to do that because the cruise industry is a marine boating industry. And, it isn't the gaming industry and when you look at their revenues and their mix of customers and their ... the reason people go on them, it wasn't a business we wanted to pursue. We weren't sure whether or not riverboats were going to be casino entertainment, as we characterize it in Nevada and New Jersey, or whether it was going to be the cruise industry such as the ship that operated out of Florida and New York and cruise around the Caribbean.

We were also concerned as we approached the late 1990 time-frame when the applications were going to be taken, with a lack of understanding of what the competitive environment was exactly going to be, whether or not there were going to be boats in Chicago or land based casinos in Chicago and whether or not, finally, there would be other boats in Joliet. And finally, we were also trying to understand what the scope of the project would be given the kinds of ambitious plans that were associated with the downtown redevelopment project for the City of Joliet. In any event, for a whole variety of reasons, in late 1990, our company made the determination not to file an application for the City of Joliet riverboat license.

We proceeded through the first six months of 1991 having no further contact with the project. In about June ... late June or early July of 1991, myself and other executives from our company went to Davenport, Iowa. My trip to Davenport, Iowa was to look at the President riverboat that had been in

operation there ... the gentleman who was the president of the President running that from a gaming standpoint had worked for our company for a number of years and reported to me for a number of years ... this was a new venture for him and I visited with him, looked at the operation and it became quite apparent ... and we looked at some other boats, that, in fact, the riverboat industry was going to be the casino gaming industry, recreated on a riverboat rather than the cruise industry such as that that you'll find in the Caribbean.

That interested us. We began to explore opportunities for ... and think about what those opportunities might be as other states began to look at legalization of riverboats. One day, while I was sitting in my office, the phone rang and my secretary said John Q. Hammons was on the line. I took John's call ... we had met, I believe once previously, due to the fact that he has worked mostly with the hotel side of the business, and we had met in connection with the development and announcement of the development of our Homewood Suites ... had talked then because John has interests in Nevada and had a very nice conversation, but I had no further contact with John until I received that phone call. John told me that he had just concluded a hearing here in Illinois in which he had received preliminary approval to go forward with the project in Joliet. I knew he had applied for that ... I had read that in the newspapers ... when I received John's call, he indicated to me that his partner, family by the name of Goldstein, had been unable to continue with the project and that he was looking for a new partner to go forward and we both clarified, over the phone, that [that] was also to be a role of manager. I told him that our philosophy was that it was very important to us, in our operations, that we use the Harrah's name, that we have a strong orientation towards a brand strategy ... John said that was okay by him. I said, "I need to think about this ... I need to understand exactly what the opportunity is and I'll get back to you with an expression of interest." I did so ... we later met ... I indicated my expression of interest in a letter of intent initially indicating to him, in that letter of intent, that we would want to have a management contract and that because of past experience we would not want a 50/50 partnership. Our role either needed to be 80% of the deal or 20% of the deal, and that we would have to negotiate that. And that was the preferred sort of split in the ownership interest because we had had, in other cases, and in other transactions, unsatisfactory experiences in 50/50 partnerships.

So we proceeded with negotiations and ultimately as we 'scoped' out the nature and commitment to this project ... we went through with the conclusion that we wanted to seek an 80% position. We felt that because we felt that we were going to add tremendous value in the design and development of this project as well as in the operation of this project based upon our considerable years of experience in the gaming business and based upon, what we thought were, the competitive market conditions because of the number of boats that were coming in here.

We believe, and I think our record demonstrates, that our company excels in operating in highly competitive markets. This will be a highly competitive market because of the existing boat in Joliet, the boat coming into Aurora and the prospect of other types of gaming.

After we had concluded that we would have an 80/20 relationship and that John had agreed to that, then we had a discussion of how we would fund that how we were all going to fund this ... John had indicated that his preference would be that he would enter into a loan agreement with us ... that that would be his way of coming up with the 20%. Based upon our knowledge of John's record in development and a good relationship over the years that we've had with John,

as a franchisee, not only when we owned Holiday Inns, as well as with connection with our Embassy Suites brand where John has six hotels, as well as many others that he has indicated a desire to develop, we felt that that was a commercially reasonable way to proceed with this transaction.

Tim indicated that when he spoke with you on July 9, that there was some indication that this project might be subject to project financing. I want to eliminate any notion that that's the case. From our standpoint, we are ready, willing and able ... there are no conditions to our going forward with this transaction whatsoever. Our company has a net worth of around \$400 million. We have revolving credit lines of about \$200 million ... those credit lines are available to us to use as we fund this project. There is a possibility, after the project is complete, and has a track record of performance, that then we would go out to either local, regional or national banks and enter into project financing assuming that the project financing gained from any one of those levels would have a lower cost of capital than our overall cost of capital on our revolving credit lines. That's a determination that won't be made until after the boat and the whole project is up and operating.

I like to now give you some idea of what the project status. This particular board indicates the status of the boat ... it was turned over, or the hull was flipped in early July ... pardon me, mid July. This boat is almost identical to the Empress boat that is currently operating in Will County with the exception that we've tried to create and open atrium effect in the center of the boat. That has been the conceptual idea that we decided to bring to the whole riverboat industry, because we think one of the ... one of the things people need to do is feel very, very, comfortable in their gaming environment and we think an open atrium effect creates an environment of greater comfort, particularly with respect to air handling, as well as with noise. The current status of the boat is that we have built the second deck; the third deck will be installed and then we'll get into the finish work. We are on schedule and on budget as we build this boat.

This is a rendering of our facility with the boat in the background. This is our restaurant and ticketing facility. This shows in the background the riverwalk and the skeet ... street-scapes that are a part of the project, pardon me. And I'm going to look for one more, you've probably seen some of these, but one thing I want to point out ... is that throughout this transaction, from the very beginning, we have contemplated that there would be a second boat. This basin anticipates the presence of a second boat. About three months ago, after we were underway with the construction of the first boat, and we had entered into the contracts, we began to have discussions with the company who's building our boats, Service Marine, about the engineering of a second boat. Our purpose in doing that was to see whether or not we could create an alternate experience, from the standpoint of the boat, while using, substantially, the same foot print ... a foot print that we think works because of emphasis on customer comfort. We have gone through that process with Service Marine. They've come back to us with a quote on the boat and internally within our company we have approved the capital for the second boat to go into Joliet. That boat will, according to the schedule we have in place right now, be prepared to go into operation within 120 days after this boat goes into operation on April 1, 1993.

So by approximately this time next year, we will have a second boat, if all goes according to our schedule and with the approval of all of the agencies, a second boat operating here ... the second boat will be a different look ... it's going to have a more Victorian, traditional look to it ... but essentially, it will allow us, I think, to substantially increase the level of employment,

substantially increase the level of taxes arising out of this operation, substantially, I think, more greatly impact the City of Joliet in terms of customer traffic in and out of the city ... and will, I think, permit us to create a very competitive customer experience because the intervals at which these boats will operate will be a narrower time-frame so guests don't have to anticipate their trips so far in advance. In other words, they can be more impulsive and we can have more people.

So we're real excited about that ... we think it's a terrific design and we think the project is going to have a great impact on the City of Joliet and everybody else.

Yes, Jeremy's making a note to me and I think it's correct, the second boat is not subject to our board approval, but it certainly subject to the approval of the agencies here, and I want to make that real clear that we understand that, having operated in Nevada and New Jersey, that we are a highly regulated industry ... we are subject to the rules and regulations as we know them and we understand them of all the agencies where we operate in Nevada and New Jersey ... I think we have a very good record in that respect ... we intend to play by the rules here in the state of Illinois and to proceed down this road with the requisite approvals as required by you and as required by the Gaming Board.

The only other thing I want to mention, because I know it's been a matter of issue, is the subject of the hotel. We have been building and operating hotels for a long, long time in our company. That has not been my expertise, although in every single one of our gaming operations, I have either built hotels from the outset or added hotels as market demand required. My first major project with this company was in Atlantic City where there was a minimum requirement of 500 hotel rooms ... soon thereafter without any requirement or suggestion we felt the market supported an additional 250 hotel rooms and we expanded our property by that level. We've expanded the hotel tower in Reno, we have expanded our hotel capacity at Tahoe by building an Embassy Suite next to our Tahoe hotel ... we have expanded our Las Vegas hotel four times; it is now the largest in our system at 1700 rooms, and we have just completed a third phase expansion of our hotel next to our casino in Laughlin. So, I completely understand, I think, the economics of how hotels work with gaming operations and how they support it and when they work.

From the standpoint of more free-standing hotels, we have some philosophies about that based upon what we think is a current glut or over-supply of hotels in the United States market that has driven down the hotel business. It has been an unprofitable business, nationally, for nine straight years.

Now, our company has been fortunate, primarily through a segmentation strategy into Hampton Inns and Embassy Suites, not to have been hurt by the over-supply and to have unprofitable hotel operations. But, we know what's happening with our competitors. This over-supply of hotels ... hotels essentially being built when market conditions didn't warrant them, primarily because the tax laws created some incentive for investment in hotels has resulted in significant discounting. The largest hotel owner in the United States, for a time at least was the Resolution Trust Company of the United States Government, and we are very, very careful about adding hotels into a market in the United States that's clearly over-supplied. So we have been, and we indicated that to the City of Joliet, well back in the 1990, that we would not commit to a hotel at that juncture. We would not do it because it is so

sensitive to understand the market conditions, not only as to whether that hotel is going to be a success, but whether it is a success at the expense of all of the other hotels operating in that market.

The other issue, and this now, I'm going to put on my gaming hat, rather than my hotel hat, and I frankly have to tell you I don't know the answer. I've operated in environments where the typical guest's length of stay is, at the largest end of the spectrum in Las Vegas, an average of four days and at the narrowest end of the spectrum, in Atlantic City an average of about ten hours. And now we're entering a jurisdiction where the average guest stay is about three hours, in a much more compartmentalized time-frame because of the nature of the Riverboat Gaming Act. I'm not complaining about the Riverboat Gaming Act, but I am telling you, I don't understand how that will influence a guest determination that I am going to need a hotel room or want a hotel room ... in connection with a visit to a riverboat gaming casino, because the way they've structured their trips to Reno, Lake Tahoe, and Laughlin and Las Vegas, the structure of those trips is to build a complete trip around it that involves the hotel, the food experience, the entertainment experience with the showrooms, the golf course experiences, a boxing match, and gambling. And, and what I've seen so far, is that riverboats, almost by design, right now, are a very pure gaming experience. There is lining up, buying the ticket, getting on the boat ... I went out last night and ... and I was very interested to see whether people even moved once they sat down. And in many cases ... you know for that two hour trip, people sat in one place for the entire time ... now that's not a big surprise to me because they do that very often in all of our properties, but it is not a very dynamic experience and I think ... other than gaming and I think that explains why there's fewer food and beverage operations on these boats than we originally thought would be present. Some of the competitors clearly in Iowa did. So, what we're still trying to understand as a company, and believe me if we make that determination as we have with the second boat, we will proceed with all due speed. But, if we can figure out how to create an enhanced guest experience by bringing in a hotel stay and other aspects to this trip, more than just the two hours out the boat, we will do that because it's in our best interests. We are, as a company, fighting for share and we're fighting for the share of, what we call, wallet of entertainment dollars of a vast array of customers throughout the United States. The better the shot that we can get at their share of entertainment dollars in their wallet, because they like our experience, and they want to experience either more or different aspects of it, the better off we are, and we take that attitude from a commercial standpoint in evaluating whether or not this particular facility is capable of responding to a hotel. And so that's kind of an explanation of how we think about that.

And I'll turn to my counsel and see if he wants me to shut up.

MR. MARGOLIS: I would never say that to the president of ...

MR. SATRE: Thank you very much, I appreciate the chance ...

MR. CHAIRMAN: Thank you.

MR. MARGOLIS: I'll say, beautifully put, Phil. Mr. Chairman, members of the Board, our witnesses and backup people are prepared to answer any questions that you might have as best as we possibly can.

MR. CHAIRMAN: Members of the Board? Mr. Johnson.

MR. JOHNSON: Since there were various statements made, I'd like to introduce our ... our line of questioning with a statement and try to prepare the audience for why are we asking these questions in the first place.

I, as a member of the Board, and I believe some of the Board members, if not all of them, share my point of view, have a public policy responsibility that we make judgement calls as to who should be licensed under the Riverboat Gambling Act. And, we set into process a series of applications; the law required us to take applications in different groupings because of the limitations of the number of licenses we could issue and where depended upon the year in which we would license them. But we have to make choices and those choices are dependant upon information that is supplied to us in an application. We, as decision makers, or I as a decision maker, depend upon the information provided to us in an application to help me make a decision as to who of competing interests should get a license. And, I am very concerned that, in fact, what is before us is what is intended to occur. Because, in order to justify our decisions, it is that information that helped us make those decisions. And, I think in this case, what we are finding is an application that was made, and certainly modified because, in part, of the Board's objection to some of the original investors, not because we objected to those individuals, but because there was a conflict under the law that those individuals could not be the owners of two licenses. So, we obviously required a change. Well, we didn't require a change, the law required a change. And, that change was in ownership.

We are ... I am concerned, and I think others are concerned that if an application is going to vary substantially, or the actual investment is going to vary substantially from what was originally presented to us, then what was that original application for? Was that application a real intention for investment ... for an economic development program ... for tax revenues to the state ... or was it an application that reserved a place in line ... that would ultimately be substituted for another application? And that is of tremendous concern to this Board. If we cannot rely on the applications presented to us, then we are going to have to modify our whole review procedure preliminary suitability and licensing procedure. We just have to. So, I think the series of my questions and maybe other's questions, are to help us through that process of: what was the original application there for; and, where ... what has transpired to make that change; and, was that done in good faith to the Board? We have to know that. And, if you can help us, in answers to our questions, understand that, because it is of dire concern, and it is a public policy statement when we make an ultimate decision in this regard.

So, I just wanted to make that introductory statement, because that's I'm coming from and from conversations with other Board members that may be where they're coming from as well.

MR. ZARANSKY: I have some questions, Mr. Chairman, if I can ...

MR. CHAIRMAN: Mr. Zaransky.

MR. ZARANSKY: I'd like to focus on the economic development plan portion in the applications that ... I think everybody here knows the Act ... one of the purposes of the Act is to spur economic development in river towns that would benefit from the presence of a riverboat. And maybe first by clarification, if I could ask the Administrator to help me through this and clarify it, there are actually two different applications or documents that we're looking at. This particular large document is the application of the Des Plaines Development

Corporation that was the original application that was filed by Mr. Hammons and that was filed and approved ... finding of preliminary suitability back in July of ...

ADMINISTRATOR FRIEDMAN: '91, sir.

MR. ZARANSKY: '91, I believe. There then is another application, or another set of documents that were submitted by Harrah's of Illinois, I believe. And those were submitted in December of

MR. FRIEDMAN: December of last year, that was the application of Harrah's Illinois Corporation. It was not the application, on it's face, of Des Plaines Development. It was accompanied, however, by a transmittal letter which explained it as a prospective amendment to the Des Plaines Development Corporation application and also accompanied by a \$50 thousand check.

MR. ZARANSKY: And that was filed in December of 1992?

MR. FRIEDMAN: That is ... '91 , sir.

MR. ZARANSKY: '91, rather. Okay. Now the other difference that I see, just to clarify things, is on the Des Plaines Development Corporation application, that was accompanied by the \$50 thousand application fee, they sought to commence gaming operations, I believe, beginning in March of '92 and according to the transmittal letter from Mr. Hammons, and would be for a three year license beginning March of '92?

MR. FRIEDMAN: Yes.

MR. ZARANSKY: Okay. And the Harrah's application has ...

MR. FRIEDMAN: Had a commencement date of January 1, '93 befitting its filing in December of last year. What we have, at present, is ... the application, at present, is in essence the Harrah's Illinois application that was transmitted in December and then in April was transmitted a development agreement with the City of Joliet, the partnership agreement between John Hammons and Harrah's and a letter requesting that those documents, together with the Harrah's Illinois application, be taken as an amendment to the original Des Plaines Development application.

MR. ZARANSKY: Okay. Now, am I correct that one of the ... so the commencement time-frames are ... are different. But one of the options that could have been sought, when the second application was filed, and this is a full blown owner's application, a request for a new license, I believe, and then accompanied by that letter that came later ... one of the options would have been just to file a personal information form to become an investor in the Des Plaines application where there would be no fee for the personal information form?

MR. FRIEDMAN: That is correct.

MR. ZARANSKY: Okay. The ... should I address my questions to you Jeremy and then maybe the proper person ...

MR. MARGOLIS: Maybe I can be the ...

MR. ZARANSKY: Sure.

MR. MARGOLIS: ... the rose gardener.

MR. ZARANSKY: The ... Dealing on the first application that we got, the one that is really our current licensee for the finding of preliminary suitability, there's a number of questions and answers to the economic development portion. And, I think you're aware there's this issue of the commitments for land based developments; whether they were or not, and I take it from your comments and the presentations we've heard is that the applicant is telling us that there has been no change in their plans for land based economic development; not that their plans changed from when the award was, but they didn't change the plan?

MR. MARGOLIS: Right, if I could put it in kind of a nutshell perspective, Member Zaransky, and firstly, I'd should add that it was always Harrah's intention, although the corporation is so thorough and precise in it's application process, that perhaps they bend over backwards to be more complete and thorough than they need be. I think I speak for the company when I say it was always their intention to file an amended application as opposed to any new application.

MR. ZARANSKY: Sure.

MR. MARGOLIS: And perhaps the state of the benefit of \$50 thousand of their largess ... their intention was to file an amended application to step in to the shoes, albeit with a different percentage that the Goldsteins, when they were in the perspective deal, had occupied. With regard to the question of land based off-site or near-site development, I don't think there has been a fundamental change ... really any change ... in what either Mr. Hammons, or Harrah's or the City of Joliet or, we hope, the Board ever expected would take place. The likelihood of things happening, the market conditions, the economic realities that surround this exciting endeavor, may change, but those are things beyond our control. The questions I think that ... speak for ... the question that I think is being asked 2... and it's a fair question based upon what may appear on the surface to be some conflicting data in the application ... the question is, I think, was the Board told, intentionally or otherwise, that somebody is going to build more than they really wanted to build, or was the Board told that somebody was going to build something, or do something, that they then later on decided not to build or do? And so the answer to that question, I respectfully submit, is, no. You have before you, in the application, a piece of paper ... I think it's there on your yellow pad ... which describes some economic projections, it describes tax revenues, it describes jobs, and the documents in the application does not have an asterisk, it does not have a footnote, it does not say "down the road, maybe after decade two development." And if you look at that piece of paper alone, I readily understand how you ... you know, might think it's saying a little bit of overstating. But if you look at the language in the application, where the applicant says 'we'll assist the City of Joliet', if you look at the time lines which describe that development, the time lines contained in the application in Exhibit 2 ... at Exhibit 50, matrixes one and matrix three. Matrix one describes at point five ...

MR. ZARANSKY: Wait, let me go through that, I think it might be easier for ... I see it. Yeah, maybe if I can ask about it would help ...

MR. MARGOLIS: Yeah ... Yeah, I'm sorry. I'm sorry, Mike.

MR. ZARANSKY: ... be a lot easier. There's this ... we have part of the application is Exhibit 35 in answer to the question and it talks about the estimated tax revenue and it includes the hotel and motel taxes.

MR. MARGOLIS: Correct.

MR. ZARANSKY: Then where the estimate of the annual employment is listed, there's, aside from the gaming positions, there's also the hotel and retail people bringing to a total of 2000 jobs projected. And that was an amendment to the application ... that was a study done by Economic Research Associates for Mr. Hammons. The other thing that I'm curious about is another part of the application which is question 50, talks about and asks about proposed land based developments and Mr. Hammons application answers us on that issue by asking us look at Exhibit 50 and mentions that it's proposed that John Q. Hammons would be responsible for management of the proposed land based facilities and he includes some architectural renderings ... I think the firm Loomis, (unintelligible) of St. Louis, Missouri, they were hired by Mr. Hammons, not by the City of Joliet and then made a part of and included in the application are these photographs of ... I'd like to pass around to the Board ... these are ... this is the proposed office and hotel development ... so's this ... really a gorgeous, beautiful skyline that we had before us when the finding was initially found, Of this proposed land based development. It's in the application and it's made a part of it. Are you saying that it wasn't meant to be or ...

MR. MARGOLIS: No, no, not at all.

MR. ZARANSKY: I just don't understand.

MR. MARGOLIS: And I shouldn't have tried to answer your question, Member Zaransky before you had asked it.

MR. ZARANSKY: Let me just ... fill in the balance of it, and then, please answer it fully ... when I look at the Harrah's application which came later and I look at their question 50, their answer is, as to the land based development and what their plans are is basically what Mr. Satre has showed us today, that they're going to build a parking lot, and a nice pavilion and ... that's it. Seems like they answered the questions frankly and adequately at that time.

My question is why these questions were answered this way in this application?

MR. HAMMONS: Early on the drawings that you ... Mr. Zaransky ... the drawings that you referred to were prepared by an architect when Mr. Goldstein ... and he's the one that had that done ... even though I signed the application, he was the one that prepared all this preliminary work. I would like to also ... recite in the many, many discussions that we had with the City of Joliet, and they asked me about a hotel early on. I always said this, and I'll say it today, that you have to pay attention to the market conditions before you make the investment in whatever you're talking about. Unfortunately we ... we're having to endure the greatest credit crunch that we've had, I think, since 1933, at least some have called it that ... it's been very severe and it really set in right after the early stages of this discussion on this application. But ... but the City of Joliet always understood that if market conditions would warrant it, that we would build a hotel. And we have the right to do that and I might have misunderstood there a moment ago, but we are building a parking garage, I think you said parking lot and ...

MR. ZARANSKY: Yes, I said lot and I meant a garage, excuse me.

MR. HAMMONS: Yeah, yeah. But all of those were prepared by the renderings Goldstein had Loomis ... because at that time, he was working on an application down in East St. Louis, as I recall.

MR. ZARANSKY: This time line that you've passed out ... that's part of this Joliet City Center development, I believe and that was prepared by the City of Joliet in connection with the project ... Now they ... I really had a question for the City of Joliet, mostly, they ... you prepared this document and you solicited offerings. I believe you prepared the document back in July of '90?

MR. MEZERA: That's correct.

MR. ZARANSKY: And it was submitted as ... it's an overall plan, and I think the document says in there that the plan is not dependent on riverboat gaming coming to Joliet, but it's just a plan that certainly getting a riverboat would certainly help move things along quite a bit.

MR. MEZERA: Yes, if I could from here ...

MR. ZARANSKY: Sure.

MR. MEZERA: ... I'm not sure if the microphone picks me up from here or not ... Again, I'm John Mezera the City Manager. The city worked very closely with the Center for Economic Development to prepare a plan for Joliet that started back in 1988 before riverboat gaming was even being discussed or certainly became a reality. So we could not base a plan for the future of the City Center solely on riverboat gaming. But, when riverboat gaming did come around, it became very apparent to us that that could take that plan from being maybe a twenty year plan and accomplish the goals in maybe five to ten years. So we did incorporate riverboat gaming into an RFP that we received a response from ... from Mr. Hammons and Mr. Goldstein in November of 1990. And, that was prior to their submission of an application to the Board ... that was intended to be a cooperative effort that would take many, many years to complete with their assistance and the City's efforts to revitalize the City Center. But it was a multi-phased program, you can see from the matrices that were submitted and some of these were from that very document that was intended to be a long term relationship.

MR. ZARANSKY: I noticed with the hotel and conference center, your time line was the city's and not, really, Mr. Hammons' ... he attached it to his application ... was ... the hotel would be market driven ... now did he have a firm date?

MR. MEZERA: Yes.

MR. ZARANSKY: Now, when you entered ... when you finally got Mr. Hammons to respond and began negotiating with him and you supported his application for a finding of preliminary suitability here, did you think that you ... that the market drove you to the point of fulfilling that time line? Did you think, at that time, that you were going to get a hotel?

MR. MEZERA: No, market conditions, at that time would not have justified a hotel. It was our understanding, after talking with Mr. Hammons and certainly

spending a lot of time with Harrah's Corporation that there may be a time in the future with the activities ...

MR. ZARANSKY: I mean, even before Harrah's when just Mr. Hammons and that application...

MR. MEZERA: Yes, yes.

MR. ZARANSKY: You didn't think you'd get a hotel ...

MR. MEZERA: Did not think we would get a hotel in stage one and I think that's typical of many of the applications that you've seen; many things are phased and hotels and other facilities are being phase two, three or four.

MR. ZARANSKY: Okay. One of the things that confused me about it ... this is really just a general question for everybody, is, as you know, there were various press reports around the time the application was pending and after the award and there was talk in the press reports about this hotel development with the pictures and everything like that. Is there ... got a reason for that? I mean, what happened? Where did the confusion come in here?

MR. HAMMONS: I couldn't answer that directly, Mr. Zaransky. But I would like to recall one conversation ... someone called me one day that had read some articles in the paper about office buildings, and someone called me and they said ... well if we more office space, how 'bout buying my building? And I forget this gentlemen's name, but I was ... I had a call to that effect because they were concerned about what kind of competition was coming in. I'd like to also, if I could, to state that ... I've been in the Joliet market now with a hotel for fifteen years and we did pretty good business ... but we didn't have to buy any armored cars. So, I had a pretty good ... little idea of what was happening and I remember when I saw the grandiose plans for the future I remember saying to Mr. Mezera, I said well you know this is a ... this is pretty long range isn't it? He said yeah, yes it is long range.

MR. MEZERA: Mr. Zaransky, if I could just comment on that. I believe that there were two things that were proceeding: one was the city's efforts on a long range plan, the other one was the Board's efforts in an application that was filed with you. And I think there is a misunderstanding that the city's long range plan is somehow appearing to be a project that was going to happen immediately, as soon as the boats were put into the water, and never the understanding in the City of Joliet.

MR. ZARANSKY: Well, certainly there's certainly a lot of other stuff in here other than a hotel that I understand is in the works.

MR. MEZERA: Yes.

MR. ZARANSKY: One of the things that concerns me about this issue on what was back then, was there was a press release attached to the actual application when we issued our finding of suitability that the City of Joliet issued under your signature and you talked, in the press release, about assisting Mr. Hammons in the proposed mixed use development; I assume that refers to more than a boat, and you talk about the number of hotel rooms he owns and operates and then you tell us in the press release that the planning concept of the mixed use development that you presented to the Board in the application that you were supporting included and I'll use your quotes:

"two excursion gaming riverboats, a boat basin and promenade, a hotel/conference and office center with related commercial and specialty shops. Also covered parking and landscaped plazas related to the river and boat basin are also included in the concept plan."

This apparently never made it into your development agreement that you signed back in March when Harrah's came into the picture. But it just appears on the application that it was contemplated at that time the application was made and at the time of the award.

MR. MEZERA: Yeah, I believe that that was a press release that occurred maybe ... I don't know what the date is ... if you could help me with that, it must be November?

MR. ZARANSKY: December 4, of '90

MR. MEZERA: December 4, right. We had received the RFP from Mr. Hammons and Mr. Goldstein on November 19. I believe that was probably one of the first media articles that occurred after that and it was speaking about the long range program and we do, to this day support a long range program with Hammons and Harrah's, but it was never the intent that all of that would occur immediately. And, we did provide in our agreement for certain things to happen immediately and we put time frames on those and for other things to happen in the future. And, we provided in the agreement for certain properties to be used in the future for hotel development, but it was clearly understood that that was not going to happen early on with the riverboats.

MR. MARGOLIS: Member Zaransky, could I just add ...

MR. ZARANSKY: Sure.

MR. MARGOLIS: The fact that John's prior answer ... you asked about the time frame explanation for the newspaper article and I think John touched on it. The date of the press release is instructive. There was a large number of news stories, and I not precisely sure which ones you're referring to ... I know from my own research that there are a whole host of stories beginning in November, but essentially the flurry was in early December. And the flurry was over by December 28 when this application was filed with you. Those news stories were filled with comments, as John says, about the overall development. To the extent that some of that excitement and speculation and newspaper publicity about discussions of two decades of development has gotten into the record here, and perhaps quite understandably led members to believe that the application process was suggesting more than phase one development was unfortunate, and to the extent that we're involved in it and responsible for it, collectively apologize. But I can tell you, from my discussions and observations with all the players that was never anybody's intention and I don't think, upon reflection, that the conclusion is really supported by the facts when you understand what the time sequence was. You have a November 19 RFP; a lot of publicity, a lot of discussion. Talk of a decade, or more, of development. But the important fact, I think to observe, is that in the application itself, in the body of it, the language that Goldstein and Hammons use was, "will assist" ... the time lines, granted, prepared by Joliet, but submitted by Goldstein and Hammons and ... the Bible to which they were going to adhere, say quite clearly that the time frame for the boat basin and we're talking about today, was '91 '92 and the time frame for the additional development; hotel, office, conference, retail complex, the solicit developer was in progress ... the acquisition of land and design implementation was market driven which...

MR. ZARANSKY: Is there a particular reason why, in answer to the same questions on Harrah's applications, they didn't tell us all these wonderful things and ...

MR. MARGOLIS: I don't know.

MR. ZARANSKY: ... and all the employment figures that would happen sometime in the future ... or the renderings of the hotels?

MR. MEZERA: I'm not aware of any ...

MR. MARGOLIS: I ... I think the reason is the time sequence within which the first application was filed, was simply a different time. The involvement of Goldstein Hammons in Joliet in discussions of the aspirations and hopes of Joliet twenty years into the future, were timely in their minds. I don't think, frankly, Harrah's had the same background of involvement in these negotiations. I don't think that means Harrah's was rejecting the Joliet plan. If the market conditions, as set forth in the paragraph ten of matrix three are present, Harrah's will build a hotel as quick as you can. I keep saying I'll be brief and I'm not, let me make just one observation.

John Q. Hammons has been building hotels for thirty-five years. This guy started building hotels flying around in a rinky-dink plane with his partner at night looking for lights. When they saw lights, that meant people. They landed, if there was no hotel and a lot of other market conditions were present, they'd build one. I called his house on a Saturday to talk to him and his wife said, John's not home. I said I was expecting him to be there, I was supposed to call him, where is he. She said, he's out building hotels. If you stand in one place too long, he'll build a hotel on your feet. He's got in his pocket the list of the thirty-eight states ... all the hotels in thirty-eight states that he builds. If this guy can build a hotel, he'll build it. The last thing a hotel man, who prides himself on building ninety-four hotels in his lifetime, the last thing he's going to do is tell a bunch of people, particularly people with economic life and death over such a project, yeah I'm going to build a hotel when he doesn't intend on doing it. It's just not the thing he's going to do. He's apologetic for the sequence within which thing were happened happen and if he could kick Mr. Goldstein in the head for not putting an asterisk on that piece of paper, he would. But plain and simple, he did not intend to mislead the Board and get anybody to believe that he was promising to build a hotel when, in fact, he and Joliet knew precisely and I think they thought, based upon the application the Board would know precisely what they intended on doing.

MR. ZARANSKY: Thank you. I have nothing else.

MR. CHAIRMAN: Mr. Johnson.

MR. JOHNSON: I have nothing right now on the developmental side, and so forth ...

MR. CHAIRMAN: Whatever questions you have.

MR. JOHNSON: Well, if anyone else wants to follow up on development issues, because mine are more directly get into the joint venture agreement and things of that nature.

MR. VICKREY: I'd like to follow along Member Zaransky's line of questioning, so I understand ... In the original application, with Mr. Goldstein, you said Mr. Goldstein's architects drew the photograph ... drew the ... had the drawings done, which we have photographs here ... Was it Mr. Goldstein's intent to build the hotel?

MR. HAMMONS: No, not ... no. Not to my remembering at all. Initially, he presented all these renderings he'd prepared by an architect down in East St. Louis, Illinois. And ... 'cause he'd also was trying to build a location down there ... riverboat. And, but not that I ... no, do not think so. We all knew that if ... everything would be done in phases. If the market's there, certainly you'd want to build a hotel, because they're conducive to companionship with gaming ... to satisfy the people so that experience of gaming would be all the way. And that's the reason there's so many hotels with gaming in these bigger cities.

MR. VICKREY: I think the Board, certainly when I read through the materials ... I thought that there was a hotel complex that was going to be included in the ... the original application. And, these are the verbatim minutes of July 16, of '91 wherein Mr. Suffredin stated that you were prepared to take on 100% ownership of the application and go forward exactly as the application was planned.

MR. HAMMONS: Yes, sir.

MR. VICKREY: And I think ... that's certainly where I felt, reading this, that a hotel was part ... part of the original development and had a time line and that it would be built. And I think that's, when I hear "hotel" I feel there was going to be one and I can understand why the Board, or certain members of the Board certainly felt there was going to be a hotel.

MR. HAMMONS: Mr. Vickrey, in all the prior discussions, prior to the application, officially being filed and in with the City of Joliet, we always talked ... if market conditions warranted, we would build a hotel, cause I'm in the hotel business. And, I ... 'cause I don't ever remember that that was the intent at all. But, if the future would bring the business to where the market conditions were ... well, certainly we'd ... absolutely a requirement.

MR. VICKREY: Okay. I would like to ask about the size of the boat. I think there's some confusion over the gaming capacity of the boat and the passenger capacity of the boat. And, in the minutes of the meeting that was held in July 9 of '92, a question is addressed to Mr. Wilmott and Member Zaransky asked the question about:

" Mr. Zaransky: So, you've cut back from two to one speaking of the boats and the capacity of the one boat is going to be what?"

And, Mr. Wilmott answers, "1200 passengers."

Now, is that 1200 passengers or 1200 gaming positions?

MR. SATRE: It's 1200 passengers. The number of gaming positions is approximately 800. 613 slot machines, 20 table games that will accommodate seven people or 140 positions and then three gaming tables that will accommodate sixteen people for 48 positions and when you add up the 613 and the 140 and 48, I believe it's 801. And that was, I think, the intention with respect to that.

MR. VICKREY: Alright, and now I'll address this question to staff, and maybe Mort, you can shed some light on it. There is, in the summary of the original proposal and a summary of the revised proposal, the gaming capacity ... revision date of 4/92 is listed at 500 gaming positions and we're being told today it's 800 gaming positions and in terms of passenger capacity today it's ... what did you say it was 1000?

MR. SATRE: Yeah, yeah I think it the actual load is Coast Guard certified for 1200.

MR. VICKREY: Where it's listed here as 700 and Mr. Wilmott had told us 1200. So, I guess I'd like to get down to ... how can we find out what the actual gaming capacity ...

MR. FRIEDMAN: I think what that is is a change from the decision to build a second boat. I'm not aware when that decision was made ... may I inquire?

MR. SATRE: I think, if I can try on that, I can explain this. When we filed our amended application, to the Des Plaines Development application, on 12/30 of '91, we had been involved in negotiations for a boat that had ... actually is now in operation in Illinois. And it was a boat that was attractive to us because we thought we could get it in the water sooner. The difficulty was that there would be no basin to put it into in Joliet. Secondly, when we actually looked at the boat, we decided that it wasn't desirable from a comfort standpoint because of the narrowness of the boat. But we hadn't reached all those conclusions and, at the time, we thought it was a very attractive alternative because we were exploring then the opportunity to put a boat in the water in Joliet while the boat basin was under construction. That proved to be unfeasible; so that we could have been in operation sooner. That boat was a boat that is Coast Guard certified for 700 passengers. This is where the 500 comes from, in terms of actual passenger load and this is the number of games and slot machines.

When, I think ... in July, we filed an amendment to the application to reflect the current boat and the configuration of that boat. And we will experience ... and I think we're going to have to find a way of being as good as we can to communicate these changes, in particular, because over time, and last night's an experience of that for me, I can't be a good at predicting exactly what customers want. And, what I saw last night would lead me to conclude that I would rather have more table games and fewer slot machines. It won't change this number and it won't change this number, but it may change that and we will have to again ask permission to change that from the Board.

MR. VICKREY: Well, thank you. Administrator Friedman, just handed me Exhibit 42 and it says, Harrah's riverboat will be located in the City Center of Joliet, it goes on about population. The boat will cruise on the Des Plaines River and will dock at Riverplace. The proposed casino boat will have a capacity for 700 passengers and 500 gaming positions. Would you like to look at this?

MR. SATRE: Yes.

MR. FRIEDMAN: That was in the original application.

MR. VICKREY: This is the original.

MR. SATRE: That was the original application. That's what I was referencing. When we filed our original application, ... I think that ...

MR. VICKREY: Now is there an amended application at the Board, in writing?

MR. SATRE: Yes.

MR. VICKREY: Can we get a copy of that?

MR. SATRE: That should reflect, Member Vickrey, this configuration right here, and that's actually the boat I showed you that's under construction.

MR. VICKREY: What was the date of the amended ... do you have an idea?

MR. FRIEDMAN: An application, itself, was not filed, but an updated number was, I believe, filed.

MR. VICKREY: Okay. But I'd like to come back to that because I'd like to see that ... I think in the in the Riverboat Gambling Act it says "in determining whether to grant an owner's license to an applicant, the Board shall consider..." and one of the points is the highest prospective total revenue to be derived by the state from conduct of riverboat gambling. And, with the latest report from staff concerning the admissions and daily averages, the other boat in Joliet is averaging 5,540 persons a day; admissions per day and so I think it's in the best interests of the state to look at applicants that are willing to try to put the maximum number of gaming positions into the water so that the state can receive the maximum amount of revenue possible.

MR. SATRE: Mr. Vickrey if I may address that, I think that that's one of the things that the second boat that I referenced earlier, that we have gotten bids on and approved and now we must submit, to receive permission from the Board, it would actually allow us to achieve the maximum 1200 positions. I believe on the boat I was on last night, the configuration is very similar to this, in fact it's an identical size boat. We're constrained because our boat basin can't accommodate a boat any longer than 210 feet. And, I believe we're as wide as we can be with this boat right here as that boat basin will allow. The only reason our original application and amendment to the Des Plaines which was filed this date showed this boat was simply because we thought it would be available and we could use it. There was an additional problem with that boat in that we have a height limitation because of the bridges and we couldn't get the boat up ... I mean the boat was already constructed ... it wasn't in use but it was constructed. We would have had to severely chop the boat in order to get it to work. As I say, it's on another river in Illinois right now but it's ... it isn't a boat we felt was desirable, so we went back to the drawing board and came up with the boat we showed you.

MR. VICKREY: So there are ... am I correct when I assume there are two amended applications? There's the one that was amended on 12/31/91 ... to John Q. Hammons original application and now we've a second amendment?

MR. SATRE: I believe it's an update to the amended application rather than an actual amendment.

MR. VICKREY: Alright.

MR. CHAIRMAN: I think we're getting into a semantic problem. It's not a filing of a new amended application, many owners, over time, have made changes in boats or changes in operation or changes in personnel and the administrative staff gets notified. It doesn't require filing an amended application, or at least we've never required that in the past.

MR. VICKREY: But it is something that is submitted in writing and made part of the record?

MR. CHAIRMAN: Could be a letter, could be ... I would assume it's in writing, I don't think we have any rules or regulations that provide for any specific form.

MR. VICKREY: I think my ... my concern for those in Joliet would be that they receive the maximum amount of tax revenue possible by encouraging the ... and looking at applicants that would provide the maximum amount of gaming positions available. And I think that we're required by the statute to look at that.

While somebody's looking for that ... I wrote down ... Phil, I wrote down a comment that you had made in your presentation that ... and I think I've got it right ... that you had continued through 1991 ... you'd declined ... first of all you had declined on the project at ... early on you hadn't declined on this project, but declined to seek an owner's license for the City of Joliet.

MR. SATRE: In December of 1990, that's correct, sir.

MR. VICKREY: Alright. And then there was ... you said you had continued through 1991 without further contact with John Q. Hammons on this project.

MR. SATRE: On this project, yes I had no contact with him on either this project or ... and I meant to emphasize it ... we'd also discontinued any conversations with the City of Joliet because a lot of our work in the fall of 1990 was conversations with the City of Joliet.

MR. VICKREY: Okay. In ... there was a monthly report in December 1991 that cited an October 10 meeting between the Mayor of Joliet, Mr. Hammons and Promus.

MR. SATRE: Yes.

MR. VICKREY: Who would have been involved in that?

MR. SATRE: Well, as I tried to relate the sequence, in 1990 we declined to file an application at this juncture. In July of 1991, that's when we get the phone call from Mr. Hammons saying 'my partner has been disallowed in Joliet, would you be interested in joining with me in Joliet at this juncture?' And then ... so beginning in July of 1991, we commenced conversations. And, in October of 1991, Mr. Atwood, from our company, would have been present in that meeting.

MR. VICKREY: Okay, I ... when you said, or indicated that you had no further contract ... contact with Mr. Hammons through 1991, I ...

MR. SATRE: I meant through July, I'm sorry ... until he called. If I made that impression ...

MR. VICKREY: Do you know when he called in July of '91?

MR. SATRE: He called me within a day of his hearing in which he had received preliminary approval and had been advised that the Goldsteins would not be participating.

MR. VICKREY: Okay, if ... for Mr. Hammons. In ... you called Phil the next day after your hearing?

MR. HAMMONS: Yes, sir.

MR. VICKREY: Alright, I think that's again, in the verbatim transcript of the minutes, your attorney, Mr. Suffredin, says that "Mr. Hammons is prepared to take on 100% ownership of this application and to go forward exactly as the application is planned." But the very next day, you call Harrah's and said 'would you like to come in on this project with me.' Is that ...

MR. HAMMONS: Now, Mr. Suffredin made that statement, I was present at the time, and I could have and ... but I thought about it and ... Caesar's had contacted me also much prior to that ... I can't remember exactly when ... but I stated a moment ago, the reason why I contacted Harrah's is because I ... I also stated the qualifications that they have ... the respect that they have in the gaming business. And, Mr. Satre, he appreciated my call but he wasn't all that enthusiastic the first day ... he said ... well, thanked me for calling, he said 'we'll think about it,' and he also went ahead to tell me that they more ... some of the reasons they'd withdrawn from Joliet earlier when they'd made a cursory examination many months before that. And, they said we'll get ... we'll give it some thought and get back in touch, and he did.

MR. VICKREY: Did you talk to any other casino operators about the possibility?

MR. HAMMONS: After I called Mr. Satre, no I did not.

MR. VICKREY: Okay. I guess I'm curious as why on the 16th of July of '91 your attorney would indicate you're prepared to go 100% and the next day you'd call somebody ... what changed your mind in the short period of time?

MR. HAMMONS: Well, I knew ... there isn't ... any business that you enter ... you'd better know what you're doing. So I knew I'd have to seek a strong manager in operations. I had ... I'd observed a little bit what was going on over on the Iowa side of the Mississippi River and I really wasn't convinced that was as professional as it should have been; that was my opinion. And, knowing the great qualifications of Harrah's ... that's the reason I called.

MR. VICKREY: Okay.

MR. CHAIRMAN: I believe as was related earlier and I don't know which told us, the initial plan you were after was some kind of a 60/40 or even a 50/50 and it was Harrah's that came back later on and said, 'no, it's got to be an 80/20.'

MR. HAMMONS: No, my ... in the Goldstein arrangement, I was 60 ... and when he first contacted me he offered me 20 and then later, I had the 60 control position. It was 60/40. And, when I approached Harrah's, it was. It was my basis of joint venture, 50/50.

Absolutely. And, I also stated awhile ago I wasn't very happy when the only way they could do business was 80/20.

MR. VICKREY: Is Phil here?

MR. SATRE: Yeah, right here.

MR. VICKREY: Okay, here we are. Here's a letter from ... I'm not sure who signed it ... I don't know if it's ...

MR. SATRE: Probably Tim Wilmott.

MR. WILMOTT: Yes.

MR. VICKREY: Let me find the signature page ...

MR. FRIEDMAN: I believe you're correct, sir.

MR. VICKREY: Here's where you'd indicated that the number of gaming positions here total 613.

MR. SATRE: That's the number of slot machines.

MR. VICKREY: Okay, where's the number ...

MR. SATRE: Here's the number of table games. And you have to multiply the number of table games time number of positions at each table to get the total ...

MR. VICKREY: So, you going to add here the 613 and the 188, I see that's where you come to your 801. Alright, that's fine. I might note the gaming positions in the updated application do total 801.

MR. SATRE: Thank you.

MR. VICKREY: The next questions I have have to do with capital structure and I think that you have some of those questions, would you like to ... pick up the questions?

MR. JOHNSON: Yeah, fine. I'd like to clarify one thing because I think we can get very confused. Looking at the Harrah's application that was filed on December 29, 1991, it would be very hard to interpret it to be an amendment to the existing application would it not ... given the fact that there is no ownership interest by Mr. Hammons in this proposal whatsoever. I mean, it was ... this ... if anyone would look at these documents, other than the cover letter, these were prepared to be a replacement application for the same site, is it not?

MR. MARGOLIS: No, it was intended to be an amendment to reflect the change in structure that was necessitated by the precipitous withdrawal of the Goldsteins and the generally held view that a partner with hands-on experience managing and running gaming operations would be involved.

MR. JOHNSON: But the point is ... I mean this application doesn't have Mr. Hammons name in it at all and in fact many of our other owners have gotten the casino management capabilities by hiring casino managers. And, what was filed on December 29, 1991 with the exception of the cover letter, is a plan ...

a development plan and an ownership interest that does not have Mr. Hammons' name in it whatsoever.

MR. HAMMONS: Mr. Johnson, I remember, at the time, and Larry Suffredin was my lawyer, and still is my lawyer, he asked me ... he said 'why did' ... I thought Harrah's was going to use him because he'd been my counsel, totally familiar with the operation. So ... but, he raised that question why that had been filed like that. He absolutely did.

MR. JOHNSON: Okay, but we, as a Board ... you add two and two together and it suggests that if you just receive this document and it's an application for an owner's license that has no interest shown at all by the existing owner who we have given preliminary suitability to, other than a cover letter which said, 'maybe sometime down the road, these two things may get married.' Or, what could have happened, to be honest with you, looking at this scenario of events, you could have come forward and said you withdraw your application ...

MR. HAMMONS: No, no.

MR. JOHNSON: Well, I'm saying you could have. Harrah's could have said, 'We had an application filed by December 29, 1991, act on that.' I mean it could have been interpreted that way because it was prepackaged in way to do that. The only thing that said, 'This may get married in some form to the existing application that had received preliminary suitability,' was the cover letter, but as to the form in which that marriage would occur, was up to us to guess. Until the joint venture agreement was entered into, correct?

MR. HAMMONS: May I make another statement, Mr. Johnson?

MR. JOHNSON: Sure, sure.

MR. HAMMONS: Right after Larry Suffredin called me, I called Chuck Atwood and asked him why that it was done that way, and, of course, then he said well he'd have to get in touch with his lawyers.

MR. JOHNSON: Okay, but generally the ownership change of an existing applicant occurs by not filing a new application, a new application is filed when that application wants to stand on its own for potential determination of preliminary suitability and ultimate licensing. What happens when you get replacement owners is that a form comes forth, there's no \$50 thousand payment and so forth. I mean, just looking at this suggests there was some suggestion ... and it goes to my original concern. We as a Board cannot allow approval, in giving preliminary suitability ... my opinion ... to someone to does not intend to go forth and make that investment, and, in fact, get that preliminary suitability for the potential of having a replacement application with a totally new economic development program taking its place. It puts us in a very precarious position.

MR. HAMMONS: Yeah.

MR. JOHNSON: As policy makers, because the community has depended upon our actions of determination of preliminary suitability, and they are going forth with great plans and support for that and then, all of the sudden, the plans that we approved and judged in relation to other people's plans and awarded this application is withdrawn and pulled out from under us. It puts the Board in a very precarious position, I think, and one we should rigidly reject

and discourage people from doing in the future. I think this is why we're here today. But ...

MR. HAMMONS: I wish Mr. Suffredin was here because he could recite exactly ...

MR. JOHNSON: Well, I was certainly aware that Harrah's was mentioned in the presentations ... I mean the monthly update reports that we got from the organization were never more than a page in length, and it certainly gave us the impression that Harrah's was being discussed negotiations were occurring with Harrah's to be a casino manager. But not until May did we ever have in our monthly updates a statement that a new joint venture was being created. And that is what is of concern to us in regards to what was whole purpose of the original application in the first place. Was it for the purposes of going forth and making the investment or was it for the purposes of reserving a place, so there could be negotiations as to a different form of development ...

MR. HAMMONS: Well, I ...

MR. JOHNSON: And, in the meantime, we've denied other communities because what they gave to us was not as good as what other people gave to us. And that is ...

MR. HAMMONS: Well, I can answer that, it was for investment.

MR. JOHNSON: Okay, okay. Well, I mean, a license is a very good investment. It's an intangible that if you can transfer to some other owners and so forth, it's worth a lot of money. But we have to make a decision on what is the economic development plan put forward, and that's of our concern. That's enough said, I mean, but I just want to make that statement because we keep getting told this was an amendment. Shoot, this thing could have stood on its own, you could have withdrawn your application and we would have had this thing here to ... and Harrah's would have been up here saying 'we filed an application by December 29, 1991, you have to consider us, vote us up or down.' We're over a barrel because here we've got a community ... Joliet who has been supportive all along and what are we as a Board going to do, say 'hey, we got a new application, you've got to compete with Sahara's over in Moline, you got to compete with Elgin,' puts us into a political box that we don't appreciate and if this whole process of replacing substantial proposals is allowed to continue, we've got to put a stop to it. And, that's the point I want to make.

But, we're here today and we've got to make some decisions, and now I need a little information; not about your economic development plan, I understand it, okay? The replacement one; the amended. Now I want to understand the agreement, the limited partnership agreement and the promissory note. And, I'll start out with ...

Preliminary suitability was given to an entity that had 100% equity investment that was made by an individual and it was equity investment of \$7 million with an anticipated debt investment of \$13 million. What we have now, is a mixture of equity and debt investment, or what is being proposed to us for consideration, of which some of that equity and debt investment is borrowed funds from others and not ... okay, you have withdrawn basic ... even though you make an equity investment, Mr. Hammons, it is supported by a loan from Harrah's rather than your own equity. Okay? The question I have is, has our staff, and this a question, staff, has our staff reviewed the limited partnership agreement to determine whether or not this agreement provides all the requirements that if

debt instruments are not made, or not fulfilled, and I believe they will be, Mr. Hammons, or the obligations are not fulfilled, is the transfer of ownership require the approval of the Board and notice of the Board and things of that nature? You know, I feel much better if you have two 'arm's length' transactions, but you've got interconnected transactions. You've got Mr. Hammons' 20% equity investment, you've got 80% ownership by Harrah's, but Hammons get his 20% by loan from Harrah's. Really, it's a very related party transaction that doesn't suggest independent investments. And I want to be sure that we review this thoroughly and before we approve, if we do approve a new ownership structure, that we are totally protected in this limited partnership agreement; that any transfer of ownership interest comes before this Board for ultimate approval.

MR. FRIEDMAN: Well ...

MR. JOHNSON: And, I would like to have an analysis of ... from the staff, that if the loan between Hammons and Harrah's ever defaulted, for any reason, and there's lots of reasons for default, what is the process in which Harrah's has a right to, or Promus, or whoever's making the loan, has a right to go to get ownership over remaining interest.

MR. FRIEDMAN: I would simply note at this time, that at 18 of the limited partnership agreement, it gives Harrah's the right to admit additional partners into the partnership. It does not address the question of IGB approval, however my position is that IGB approval is mandatory were that to be exercised. But there is contemplated in the partnership, Harrah's bringing in additional partners. That doesn't respond to your question ...

MR. JOHNSON: I have not had a chance to review this limited partnership agreement in detail, but I can tell Harrah's and Mr. Hammons that I will do it in detail. My concern is ... I am not wild about an equity investment into the joint venture supported by a debt instrument with the other party. I just ... I personally find it from a business perspective, it may not be objectionable, but this whole issue of transfer of ownership, I mean here we had a 100% owner that we determined preliminary suitability, is now becoming a 20% owner and the debt ... the equity to support that comes from a loan from the 80% owner. We need to look at it, analyze it and tell us what we think ... modifications might be necessary to do it.

That's all I've got on the promissory note. It's more a statement than an ability to analyze at this time.

MR. HAMMONS: May I make a statement on that?

MR. JOHNSON: Yes, certainly.

MR. HAMMONS: I'm the one that asked ... I was kind of unhappy with Mr. Satre and (unintelligible) I wanted a 50/50 joint venture. And, he asked me ... said 'you got the funds to do it?' I said absolutely, and I did have. And, then when we agreed that I ... agreed on the 80/20 I asked him if he could loan me the money on a temporary basis ... I said, 'I got a huge field of hotels here that I need to continue with' and he said yes, he would. And the rate of interest is excessive, it's not cheap and ... tell you what I've done ...

MR. ZARANSKY: Follow-up question on that ... You mentioned ... you really didn't mean really a temporary loan, the note, as I understand it, is paid out of the proceeds from the boat, right? As the boat makes money, you get ...

MR. HAMMONS: Not necessarily, not necessarily. I can eliminate that anytime.

MR. ZARANSKY: You can prepay that, of course, without any penalty

MR. HAMMONS: Why, sure.

MR. ZARANSKY: But if you just let it go, it would just pay out of the proceeds of the boat.

MR. HAMMONS: When the interest comes due, I pay it.

MR. SATRE: If I may say, ... you know I ... I want to first demonstrate that I don't have long teeth and I ... John's comment was that we were negotiating, and we were negotiating in good faith, but I think it's important to address something that Member Johnson said. Our negotiations took place in as arm's length commercial setting as could be. John, in that telephone call he made in the middle of July, 1991, and from then on out, never suggested, intimated, or otherwise made an overture at all that he was selling anything. He was replacing a partner. When we negotiated the 80/20, it was for the reasons that I said. I think your point's a real good one. I hadn't thought about the issue as clearly until today, that what we did is, in fact, very common and is, in fact, commercially reasonable, in the context of your concern, it raises an ... if I may characterize it ... an optics issue that we hadn't addressed. What I would like to say is that we certainly, at all times, hopefully then, and always in the future, but I ... we're communicating what our intentions were; trying to keep that all above board. We in no way tried to do this, and it wasn't our intention, at least, to do this, in a manner that was not apparent at this level.

MR. JOHNSON: But, something that I think that you as joint venture partners have to take into consideration ... here the Board sees a ... what they interpret to be a significant change in development plan. That's one thing. On top of it, a significant change in ownership structure. And, the more significant changes, ... when do you cross that line that what was ... what did we approve on July 16, 1991 and what is the actual development that occurs? You've got to help the Board look like they've done this in a judicious way because we're not only acting on your license, we are telling other licensees what we expect of them as well. And you have to help us through that process. And, the City of Joliet needs to help us as well. But, let me get to the development agreement.

It's my understanding, trying to go through all the paragraphs ... we have a three point ... the joint venture ... well, no, let me back up. The joint venture doesn't have any authority ... they do not have a license today.

MR. MARGOLIS: Right.

MR. JOHNSON: DPD Corporation has put up \$3.7 million into a construction fund, with the City of Joliet, \$1 million ... for the purposes of land acquisition ... \$1 million for the construction of the riverwalk, and \$1.2 million ... or eventually \$1.2 million for the relocation of the fire station ... I don't know if that goes into the construction fund, but that is what's paid over to the City of Joliet. Okay. Now, at the end of that process, the City will own parcel one ... could you bring out that map that shows your development ... no, the one right behind the numbered ...

UNIDENTIFIED: You mean this one here?

MR. JOHNSON: And, it's hard ... what is basically parcel number one on that? Is that basically the river basin ... boat basin, I mean?

UNIDENTIFIED NUMEROUS VOICES: Boat basin, yes.

MR. JOHNSON: Right, boat basin. And where's two, three, four and five? Where's three, because three, you may sell back to the city, is that right?

UNIDENTIFIED: Right there.

MR. JOHNSON: Now, has the title of all this property been achieved?

MR. WILMOTT: No, it has not.

MR. JOHNSON: Okay, but it is ...

MR. MEZERA: Yeah, excuse me. There are eighteen parcels that are being acquired, we have agreements with the owners on seventeen. There's one parcel, it's a very small one on a corner that we will have to proceed with condemnation and quick take ...

MR. MARGOLIS: And, the Board has been provided with copies of those agreements in the submission yesterday.

MR. JOHNSON: Now, parcel number three, this parking lot over here under the agreement, as I read it can be sold back to the city. Or, in fact, if title doesn't transfer to you, it can be ... they can retain title to it and they have to make a payment and a reduction in the amount you deposit. What is the City's intention ... to buy it or not?

MR. MEZERA: The city's intention, at this point, is not to purchase it. We put that agreement in there in case someone, other than Harrah's or Hammons, wanted to do a hotel development and there was someone who had expressed some interest, that we would have the ability to proceed with a hotel at that time. And, at this point in time, we have no intention of purchasing it, however we do have that option and we wanted to reserve it.

MR. JOHNSON: Okay, so that will be developed, as of right now, it will be developed as a parking lot?

MR. MEZERA: That's right.

MR. JOHNSON: Okay. Help me understand the purpose of the economic development incentive payment. DPD ... I mean the owner ... Des Plaines Development Corporation has put up \$3.7 million; \$1 million and will put up \$1.2 million to relocate the fire station. So that's \$4.7, that's \$6 million, right? Then, they get two and a half million dollars back, right?

MR. MEZERA: Yes.

MR. JOHNSON: Out of the proceeds of tax revenues.

MR. MEZERA: That's correct.

MR. JOHNSON: Why is that necessary?

MR. MEZERA: The intent on the economic incentive, and I have to stretch back, I think if I can, back to the Empress because we have two agreements. One was an annexation agreement with the owners of the Empress and one is a development agreement with Harrah's/Hammons. The Empress, I believe, was in a situation where they could have developed maybe a ten acre parcel and they could have done it with a sewage treatment package plan and wells. And, they could have taken access through the Caterpillar property. At that time, the City and the Empress people believed that there should be more of an investment in the future, and that provisions should be made to develop the whole 55 acre site that they owned and that sewer and water should be oversized to accommodate that, that the property that was acquired for an access road should be done in sufficient capacity so that it could be expanded, that the riverboat could accommodate a second boat. We both felt that should be done and we agreed to pay them \$2.5 million in terms of an economic incentive for them to proceed with that. So, all the oversizing and everything is there, so they can develop that entire parcel.

That set the precedent in terms of an agreement with the City of Joliet. We wanted to make sure that we treated both of the developers the same way. And, as it turned out, there are two portions of the development ... the Harrah's/Hammons development, that the city would have had to do, if riverboat gaming had not come along, and that was the riverwalk for \$1 million and the \$1.5 million to buy the land underneath the boat basin. So we agreed that since the city would have had to do that with riverboat gaming, wasn't ... wasn't possible or occurring, that we would reimburse them that \$2.5 million, it matched the \$2.5 million, and it definitely is promoting economic development, which was the intent of the legislation.

MR. JOHNSON: What ... this is on another one. the Empress deal set the stage. What additional cost did the Empress incur as a result of this new development? Did it equal the \$2.5 million?

MR. MEZERA: Yeah, I believe it exceeded the \$2.5 million for sewer, water, the roadway and riverfront development is structured in such a way that they could accommodate both boats. I think they far exceeded I don't know if this is represented here, it might ... I think it far exceeded the \$2.5 million.

MR. JOHNSON: How is the \$2.5 million going to be treated on the financial statements of the joint venture?

MR. SATRE: Let me answer that for you. The Chief Accountant of the company looked at this and his view is that it will be set up as a pre-paid economic development contribution, and then as the payments are received, that will be amortized. So it's not on income side, it's really treated as a pre-paid asset, amortized out over the receipts from the from the City.

MR. JOHNSON: So we don't get to tax it, it's income to you.

MR. SATRE: Well that may be his motivation, but I think in ... we've had some some circumstances, not unlike this in the State of New Jersey. That's the way we treated them there.

MR. JOHNSON: Now, in our ... but in the financial plan that we have for the joint venture, that \$2.5 million doesn't show up in the joint venture financial plan at all, does it ... currently?

MR. SATRE: Well, I think, if you look at our assets, that isn't broken out separately, but that's a part of the assets, because that's the development aspect of the riverwalk and of the boat basin and it's simply ...

MR. JOHNSON: No, I know it's in the assets side, but is it on the debt and equity side? I mean, right now, we've got a proposal of \$32 million worth of debt and equity to finance this venture. Is part of that equity, in fact, the \$2.5 million that you're going to be receiving from the City of Joliet?

MR. SATRE: Well, because it's pre-paid, we put the money up.

MR. JOHNSON: Okay, so you've got an addition ... on your balance sheet, where you've got assets you're going to have a whole list of assets.

MR. SATRE: Right.

MR. JOHNSON: And, some of those assets are going to be funded by the \$2.5 million.

MR. SATRE: Correct. And, it'll be set up as a ... as a pre-paid economic development contribution which will fund up, now, and then it will come down as the payments are received over time by the city.

MR. ZARANSKY: So, along with debt/equity, you'll also have a receivable.

MR. SATRE: It really is a receivable the way it's set up.

MR. ZARANSKY: You're going to have it due from the City of Joliet.

UNIDENTIFIED: But you're correct Member Johnson, it's not (unintelligible).

MR. SATRE: How would we reflect that if we were to ...

MR. JOHNSON: And, your assets are your investment in your pavilion, your boat and your land and so forth, and ... of the joint venture.

UNIDENTIFIED: Yes.

MR. JOHNSON: And some of those assets are being funded by the \$2.5 million payment from the City of Joliet ... I mean they're your assets.

UNIDENTIFIED: No, they're (unintelligible).

MR. ZARANSKY: They're a receivable.

MR. MARGOLIS: The question of ownership...

MR. SATRE: The riverwalk and the boat basin will never be our asset.

MR. JOHNSON: No, I know it.

MR. SATRE: Yeah.

MR. JOHNSON: Well, are you putting up the \$3.750 million or the \$1 million and the \$1.2 million or is that less \$2.5 million?

MR. SATRE: No, we're putting it up ...

MR. JOHNSON: Okay.

MR. SATRE: We put it up.

MR. JOHNSON: And, when you put it up, you debit an asset and you credit some kind of investment, an equity investment or a debt investment ... that's what you do. When you put that money up and you will attribute those dollars to assets that you own; pavilion and so forth. Then you get this \$2.5 million in from the City of Joliet. That is a ... and that's not going to be an additional investment, is it ... additional asset, right?

I think the bottom line is that it's part of the investment being made.

MR. MARGOLIS: Yes, yes.

MR. JOHNSON: \$32 million is being put up by the 20% and 80% owner, less \$2.5 million from the city. Right?

MR. SATRE: Yes.

MR. JOHNSON: I think that's important to reveal to us and have on our financial statements. Because it's not \$32 million being put up, by debt and equity of the two owners. Some of it is \$2.5 million from some other source. This should be reflected and it should be reflected ... we've got to know this stuff and not have to dig through developmental agreements because it is really ... how is it going to be reflected in the balance sheets.

MR. SATRE: I understand.

MR. JOHNSON: Finally, the enterprise zone benefits. Has anyone quantified how much benefits the applicant is going to get as a result of this? It's obviously had to have come up in the whole discussion about the development agreement. What is the value present value of the enterprise zone benefits being received?

MR. MEZERA: Yeah, I really couldn't answer that question. I don't believe that anyone has ever put a pencil to that number. We have not.

MR. ZARANSKY: The real estate taxes, it's my understanding, will be zero?

MR. MEZERA: Yes, for ten years. And it's on the ...

MR. JOHNSON: Not real, the incremental value.

MR. MEZERA: Yes, it's on the increase.

MR. JOHNSON: It would be interesting to see that calculation, the sales tax break that you give as well and all the other benefits that are received as a result of being in the enterprise zone.

MR. MARGOLIS: We can do that.

MR. JOHNSON: Because that certainly impacts the cost and ultimately the profitability of this venture. And, let's face it, I have some problem with a gaming operation's being financially supported, in part, by government; in part because these are very profitable operations, what we've seen so far, I mean the return on equity is very attractive. And, I have some problem with government funding some of that investment. I mean, the owners are going to get a substantial return. Why does government need to support some of the financial investment? Certainly those that are derived for the direct benefit of the community is one thing, but when the benefit is primarily that of the owners that, in my opinion, is an entirely different thing.

That's all I have right now.

MR. CHAIRMAN: Any other questions?

MR. VICKREY: Yes I have this question. You may have answered, but if it has, I'd like to have it further clarified.

Is this a new corporation? Harrah's Illinois Corporation?

MR. SATRE: Yes.

MR. VICKREY: Does it have any other business in ... any other businesses besides the operation of this proposed riverboat?

MR. SATRE: I don't believe so, no. It was formed for the purpose of this riverboat.

MR. VICKREY: Alright, does it have the full strength ... financial strength of Promus behind it?

MR. SATRE: Yes, it does.

MR. VICKREY: Okay, ...

MR. SATRE: Wholly owned subsidiary.

MR. VICKREY: Okay. The preliminary suitability.

Were you aware that you needed approval of this Board to proceed after the finding of preliminary suitability ...

MR. SATRE: Yes.

MR. VICKREY: ... was issued to Mr. Hammons?

MR. SATRE: Yes, sir.

MR. VICKREY: The boat that you have contracted for and that is under construction is ... that is your boat?

MR. SATRE: That is the boat of Des Plaines Development Corporation.

MR. VICKREY: Alright, so, who is paying for ... is Mr. Hammons?

MR. SATRE: That is paid for by the partnership of which, under the partnership agreement, that's how the funds are coming through, through the partners under the partnership agreement.

MR. VICKREY: Okay, so you ... in essence, you have 80% of that boat? You own 80% of the boat, if that's an 80/20 partnership?

MR. SATRE: That's correct sir.

MR. VICKREY: So, did you understand that you were proceeding at risk of owning 80% of a riverboat that might not be ... which license might not be approved by this Board?

MR. SATRE: We understood, sir, that we were proceeding with the risk being that our company had to be found suitable ... that Harrah's had filed an application that ... we would have to be investigated and we would have to meet to meet the criteria of the State of Illinois and that once that criteria was met, if it was met, then we would receive a license to operate.

MR. VICKREY: So you contracted for the boat and one had with the boat, at your own risk, knowing that you had to have a finding of preliminary suitability.

MR. SATRE: Well ...

MR. HAMMONS: May I make a statement?

MR. VICKREY: Yes.

MR. HAMMONS: Every time that they would discuss ... they invited me go to Seattle and I had a conflict and I couldn't when they were looking at boats, originally. Through this whole maneuver, Chuck Atwood and I have talked two or three times a week on the telephone. And, in regard to getting my approval on everything that has been done. In regard to the purchase of the boat, type of boat, how much and so forth.

MR. VICKREY: I think my point is you understood that you had to ... there was some final approval, but you still decided, as a business decision, to go ahead and build a boat.

MR. SATRE: Yes, we did, sir.

MR. VICKREY: If Harrah's Illinois Corporation has no other business and it's a new entity, it has some cash, right? \$25 million in cash?

MR. SATRE: I'm not sure of the \$25 million in cash right off hand ...

UNIDENTIFIED: That would be like 80% of the \$32 million.

MR. SATRE: Oh. Okay.

MR. VICKREY: Where did that cash come from?

MR. SATRE: That comes from Promus companies, the parent company.

MR. VICKREY: From Promus. Is that a loan?

MR. SATRE: No.

MR. VICKREY: Alright, that's a direct ...

MR. SATRE: That's ... we have a pot with the company. Some of that money is ... (unintelligible due to laughter)

MR. MARGOLIS: I'd like to know where that's kept.

MR. CHAIRMAN: It may or may not be a rainbow.

MR. SATRE: Yeah, you know at some point I'd like to talk about how this industry matures and how competitive it gets and how those profits and those returns on equity change dramatically over the years; and, that we've been in this business 50 years and you don't stay in it unless you work real hard, and you know what you're doing.

Now, to answer your question. We work real hard, we think we know what we're doing and because of that we created a credit rating that's allowed us to get a revolving line of credit of \$200 million. We also have cash flow from our operations. That is where, I say, the money pooled up, then money is disbursed by our Treasury Department just as it would, I suppose, by the State Treasurer, here, against projects and against commitments. Our Treasury Department writes checks against this commitment.

MR. VICKREY: Alright.

MR. JOHNSON: Can I follow up on that ...

MR. VICKREY: Certainly.

MR. JOHNSON: Just to clarify ... As I understood it earlier, you are not yet certain what the equity and debt structure of Harrah's of Illinois will ultimately be. I mean, there's money coming in from Promus. but whether it will be a loan or whether it will be an equity investment is not yet ... in your original testimony ... it's my understanding ...

MR. SATRE: I'm going to have to defer to Tim for a second on that because he may be more familiar with that detail.

MR. WILMOTT: When we amended the application, in December of '91, it showed ownership structure of 50% debt and 50% equity. What Phil said in his testimony, was that we're prepared to move on the project right now out of our equity, 100% and replace the debt, after we commence our operations ... we want to, depending on the capital markets, get to a 50/50 structure. But we are prepared to fully fund the project right now.

MR. JOHNSON: Okay, but that's the Harrah's 80% partner ...

MR. WILMOTT: It's the partnership. That's the joint venture (unintelligible.)

MR. JOHNSON: So the partnership, itself, is 100% equity?

MR. WILMOTT: It may be.

MR. JOHNSON: Now?

MR. WILMOTT: No.

MR. JOHNSON: I mean the partnership's got a balance sheet.

MR. WILMOTT: Right now, it's 100% equity.

MR. JOHNSON: And that equity is contributed by a 20% partner ...

MR. WILMOTT: And an 80% partner.

MR. JOHNSON: And an 80% partner. What does Harrah' of Illinois ... the 80% partner is Harrah's of Illinois. What does it show on its balance sheet? Is it all equity, or is it just a cash advance ... an inter-company account from its parent company?

MR. WILMOTT: It shows all equity right now on its balance sheet.

MR. ZARANSKY: It also (unintelligible)

MR. JOHNSON: So, Promus has made an equity investment of about \$25 million into Harrah's of Illinois, and Harrah's of Illinois has made an equity investment in the joint partnership of \$25 million.

MR. WILMOTT: I believe at this time the investment is a little over \$9 million, including the payments towards the boat, and the \$3.75 million that's in the escrow account ...(unintelligible) land docking. It's only \$9 million, so far, that's been funded by the limited partnership.

MR. JOHNSON: Who is making the loan from Hammons ... I apologize Member Vickrey ... Who is making the loan to Hammons ... which entity?

MR. MARGOLIS: I think the local ...(unintelligible)

MR. JOHNSON: Is the joint venture entity that they're asking us to switch the ownership from ...

MR. FRIEDMAN: Yes.

MR. JOHNSON: Is it a partnership, is it a 'C' corporation, is it an 'S' corporation, what ...

MR. FRIEDMAN: It's a limited partnership by ... and ... the request ... I must make one correction.

The amendment wasn't filed in December '91. ...

MR. JOHNSON: I know, I know.

MR. FRIEDMAN: Whatever this application is called, there was ... it was ... could not be acted on and it wasn't necessarily incomplete; that happened in April. But along with the request, is a request to the Board to change the form of ownership of the licensee from the Corporation to the partnership structure.

MR. JOHNSON: And, all I'm trying to get at ... and all I have to have before we ultimately determine whether there is a transferability ever occur is (SIC) ... here is going to be \$32 million, how much of it's debt, how much of

it's equity, where does it come from and where did that come from. I mean, we got three or four or five different tiers ...

MR. ZARANSKY: If I could jump in for just a second I think we could answer the question ... under the partnership agreement, it's a limited partnership, Harrah's of Illinois is the general partner. Harrah's of Illinois is wholly owned subsidiary of Promus. Promus is funding the contribution to Harrah's of Illinois, which it then throws into the partnership.

MR. SATRE: Correct.

MR. ZARANSKY: They're funding 100% of the needs and the capital requirements of the partnership to date by this method. Mr. Hammons' contribution, his 20% contribution, is being funded by Promus by making a payment to Harrah's of Illinois on his behalf. Harrah's of Illinois contributed it to the joint venture and there's an obligation back from Mr. Hammons under the agreement to Harrah's of Illinois to repay his 20% share out of the earnings of the riverboat operation.

MR. JOHNSON: I understand that, but I want to ultimately see what ... on each of the entities books and records, are those investments being reflected as debt investments or equity investments, because debt investments carry interest costs. Interest costs are ... will take out income out of the entity and move it to another level without it being taxed. Equity gets compensated by dividends which comes out after taxes and in the case of partnership distributions, the partnership distributions are going to corporate entities. And, I just need to have an understanding as to how that money flows, and what I think is occurring now is just that they're all treated as advances and possibly inter-company accounts, but ultimately, if you go to the market place you're going to replace the inter-company account with some third party debt, right?

MR. SATRE: Right.

MR. JOHNSON: We have to approve that third party debt and we need to know what it potentially is going to look like. Because, what you're telling us right now is 'we have no idea what the equity and debt structure is going to be at the end.' There's options available to Harrah's of Illinois as to whether or not they'll fund themselves with outside debt, with internal debt, with equity or whatever the case may be. The partnership balance sheet will look just fine. That's not my concern. I'm looking at ... I want to see the partner's balance sheets as well.

MR. VICKREY: Could someone explain this to me. This is on page 53 of the limited partnership agreement at the bottom it starts and it continues on the next page. It says, "The effectiveness of this agreement is expressly conditioned upon and shall not be effective until the receipt of the approval by certain lenders to the Promus Companies, Incorporated."

Who are those 'certain lenders?' Is this \$32 million that Promus is putting ... they must be putting up \$32 million because John is going to borrow \$8 million ... \$6 million ...

MR. HAMMONS: \$ 6 million 448.

MR. VICKREY: So, you must have more than \$25 million if you're going to loan John \$6.5 million, you must have about \$32 million.

MR. SATRE: Right.

MR. VICKREY: Alright. That is now equity. Does this mean that you can then go out later and turn that into debt?

MR. SATRE: I'm sorry, I've got a couple of people talking to me, John ... or Steve, why don't you answer the question since you heard it while I (unintelligible).

UNIDENTIFIED: The provision that you're referring to requires the approval of Promus' ...

MR. MARGOLIS: Come up here, he can't pick it up.

UNIDENTIFIED: To the ...

MR. MARGOLIS: (this is) Steve Bromell.

MR. BROMELL: Refers to approval that was required at the time we signed the partnership agreement from Promus' principle banker. This was back on February 28, 1991. That approval was received within days of the signing of the partnership agreement thereby removing the conditions to effect of this amendment (unintelligible).

MR. VICKREY: My question is, would ... Mort would we ... would this Board have to approve that?

MR. FRIEDMAN: No, I think that is part of the application. It was just something that went into making the application effective. I would not view that as a loan, at this point. Although, we don't know, we haven't gone through this matter yet that is part of the subject of our report to the Board ... which is now in preparation.

MR. BROMELL: Let me clarify that. The provision was originally included because we have certain procedures that we have to go through with Promus' principle banker to make investments of this size, in this case, \$32 million. We received that approval after the partnership agreement had been signed, thereby removing the only condition to (unintelligible). This was not in contemplation of the partnership going out and obtaining third party financing (unintelligible) ... it was only to seek the approval of Harrah's Illinois appropriation and its parents to fund the original investment into the partnership.

MR. VICKREY: But then you could go out and get financing to replace that original investment?

MR. BROMELL: That's right. We would have to, at that point, go back to the original bank group that gave us this approval we've been talking about. It would ...

MR. VICKREY: Well Tom, wouldn't that ... isn't that what you were alluding to?

MR. JOHNSON: I'm alluding to a lot of things. Because the structure is not two individuals making equity investments into a limited partnership, but two corporate entities making investments into a limited partnership, it really becomes kind of moot as to what the equity and debt structure of the partnership

is ... it's not moot, it's important but, money can be coming in from all different ... various different locations, and I think Mr. Satre suggested earlier, that the debt/equity structure, and whether it be internal or external, is not yet firmed up for Harrah's of Illinois. We know that the equity investment by Mr. Hammons, his limited partnership interest, is an equity investment, but it is supported by a loan from, not Harrah's of Illinois, but by Promus Corporation, right? Or, is it Harrah's of Illinois making the loan to Hammons?

MULTIPLE RESPONSES: Harrah's of Illinois.

MR. JOHNSON: But, where is Harrah's of Illinois getting its funds? Right now, its getting advances from Promus ...

MR. SATRE: That's not correct.

MR. JOHNSON: ... what? You told us earlier. That may not be the end result, down the road. It may go to an outside investor, maybe that as a debt investor, or it may be just equity; we just don't know that yet. And I don't think you know that yet, right?

MR. SATRE: That's correct. I think what I was trying to say is that through the completion of the project we not ... we're committing Promus' equity contribution to Harrah's Illinois Corporation. At that point in time, in looking at the capital markets and all that, we may readdress that capital structure and that would have to be something that was reviewed and approved by this Board.

MR. JOHNSON: But it just goes to show, this is one more change, okay ... that we have got to anticipate and that's the point that I want to make. Even if we determine the transferability of preliminary suitability to the new joint venture sometime down the road, we can expect the joint venture to come in and say, "okay, now here's another change because this is the final capital structure of the two partner investors."

MR. CHAIRMAN: But that kind of change could happen at any time with any owner or any ...

MR. JOHNSON: Oh, I know it ... I know it. I'm just saying that we've got lots of changes here.

MR. VICKREY: Am I correct in assuming that Promus has funded Harrah's Illinois with \$32 ... approximately \$32 million?

MR. SATRE: No, what has happened is that we have funded, I believe, the accurate statement is, we have funded \$9 million, so far, that has been extended.

MR. VICKREY: Okay, your intent is fund with \$32 million.

MR. SATRE: Yes.

MR. VICKREY: And, of that \$32 million, you're going to loan John Hammons \$6.488 million?

MR. SATRE: That's correct.

MR. VICKREY: So he can have that's where he's going to obtain his funds.

MR. SATRE: His funds will come as a loan from us.

MR. VICKREY: Now in your limited partnership agreement, you call it a default loan. What is a default loan? And is it different

UNIDENTIFIED: It's the language

MR. HAMMONS: You see, ... (unintelligible) ... pay off that part, and if I don't, it's a default.

MR. VICKREY: Is there a definition of 'default loan' in this agreement?

MR. SATRE: I think what it is, is that there's a loan and then if Mr. Hammons defaults the agreement re-characterizes it as a default loan. I think that's a second stage that occurs in the event Mr. Hammons should default.

MR. ZARANSKY: ... define default loan which protects the proceeds of the gaming operations so that they go to pay back the loan in the event the loan is in default and not distributed directly to Mr. Hammons. But then what you further do in the beginning is you declare ... you call the loan, immediately upon its being advanced, a default loan and that gets you into that section so that the payments come out of the gaming operation, rather than from paying out dividends or other distributions first.

MR. VICKREY: Alright, I believe, also, in here it says that the ... Mr. Hammons loan would be paid back out of the first cash flow from the operations of the boat. Can you ... what is your definition of cash flow, is that defined in the agreement?

MR. FRIEDMAN: Page two, sir.

MR. SATRE: Member Vickrey the definition of 'cash flow' is on page two of the partnership agreement, there, and I think ... it's rather lengthy, if you'd like me to read it I would.

MR. VICKREY: Well, I'd just like you to just tell me, in your own words, what it means.

MR. SATRE: Well, we're going to have revenues received by the partnership in the course of our operations, we going to pay out the expenses of our operation, our taxes and any other obligations that arise out of that operation, and then there will be excess cash flow; that is the amount of money that will be paid ... that Mr. Hammons' loan will be funded out of. That is the source.

MR. VICKREY: Funded, or repaid.

MR. SATRE: Repaid.

MR. VICKREY: So, the money ... so this is the first \$6.488 million ...

MR. HAMMONS: 448

MR. VICKREY: 448? \$6.448 million ... will come to Mr. Hammons?

MR. CHAIRMAN: From his 20% share.

MR. VICKREY: That's my question. From his 20% share, or from 100% of the boat? As I read it, it's the first cash flow, which means the entire boat. So the first profits come to Mr. Hammons, Mr. Hammons gives the money back to you.

MR. SATRE: Yeah, I don't think ... I'm not sure where that language would be but the way the agreement was drafted, at least as I understood it, was that he would get it out of his 20%. That the repayment would come out of his 20% share, so if there was \$100 the first day, of cash flow, \$80 would go to Harrah's Illinois directly, \$20 dollars would come to Harrah's Illinois as a repayment of Mr. Hammons' obligation.

MR. VICKREY: Alright, on page ten of the agreement, it says 'distribution of cash flow.' And as I read it, the cash ... the first cash flow goes to repay all default loans and Mr. Hammons' loan is termed a default loan. And, it doesn't talk about any 80/20 split, it just ... it looks to me like it's all cash flow ... (reading) "cash flow shall be applied as follows ..." and then it talks about all default loans.

MR. SATRE: Could I just have a moment to look at this language, because I think we need to look at the language of definition of default loan and the accounting for them and so forth ... I think in 804 A and B.

MR. FRIEDMAN: While that is being examined, let me make this observation, if you will Member Vickrey. That analysis in question, now being asked, would normally be part of our report to the Board, in terms of examining the financing of an application. As of April 2 we were in a position to do that. It was my position, as Administrator, to devote our agency resources, after April 2 when the letter was filed, to the ... getting the Empress and Silver Eagle up and running. So, I devoted our entire resources to that. I did not commence working on Harrah's app ... Hammons agreement until after Silver Eagle and the Empress were up and running. So that interval of time, we did not work on it. But, that is normally part of our analysis.

MR. ZARANSKY: Mr. Chairman, I have a motion. I move that we go to a very brief Executive Session.

MR. CHAIRMAN: Well, I didn't mean a motion for Executive Session, I mean, is there anything for us discuss or vote on in Executive Session. Now, I wasn't present at the end of the last meeting, was there a motion on the floor to do anything?

MR. ZARANSKY: Yes, I believe there was. I believe the motion, which I was the mover of, was to consider the revocation of the finding of preliminary suitability of Des Plaines Development Corporation. That was the sole purpose of this meeting.

MR. CHAIRMAN: That was moved and seconded?

MR. ZARANSKY: Yes.

MR. CHAIRMAN: Mr. Johnson, you were the Chairman at that time?

MR. JOHNSON: I think it ... I think that's exactly what happened.

MR. CHAIRMAN: Alright, so the motion now is to retire to Executive Session to debate and decide that motion, is that correct?

MR. ZARANSKY: Correct.

MR. CHAIRMAN: Is there a second?

MR. VICKREY: Second.

MR. CHAIRMAN: All in favor?

MEMBER VOICES: Aye.

MR. CHAIRMAN: Aye, we'll adjourn, hopefully briefly.

MR. MARGOLIS: Thank you Mr. Chairman and Members of the Board.

Pursuant to Illinois Revised Statutes Chapter 102, Section 42.02 (g), (h) and (k), the Illinois Gaming Board retired to Closed Session at 12:34 P.M.

The Illinois Gaming Board reconvened its Open Session at 12:56 P.M. All members of the Board were present.

MR. CHAIRMAN: We'll reconvene the public meeting of the Illinois Gaming Board. In Executive Session, we discussed the appropriate procedure, at this point, and at this time, I instruct, on behalf of the entire Board, I instruct the staff to ... Director Friedman to proceed with all possible haste in the analysis, nevertheless doing the thorough and complete job they always do, with respect to the application by Harrah's ... the amendment by Harrah's. And, that hopefully that will be ready sometime prior to our October 15 meeting. If it's possible to get to it earlier, we will try to do that. If not, we will absolutely have it on our agenda at the October 15 meeting. And Mr. Zaransky's motion is still pending.

MR. ZARANSKY: I move we adjourn.

MR. CHAIRMAN: Is there a second?

MR. VICKREY: Second

MR. CHAIRMAN: All those in favor?

MEMBER VOICES: Aye.

MR. CHAIRMAN: We are adjourned.

The Illinois Gaming Board adjourned at 12:57 P.M.

Respectfully submitted,

James A. Nelson
Secretary of the Board

